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THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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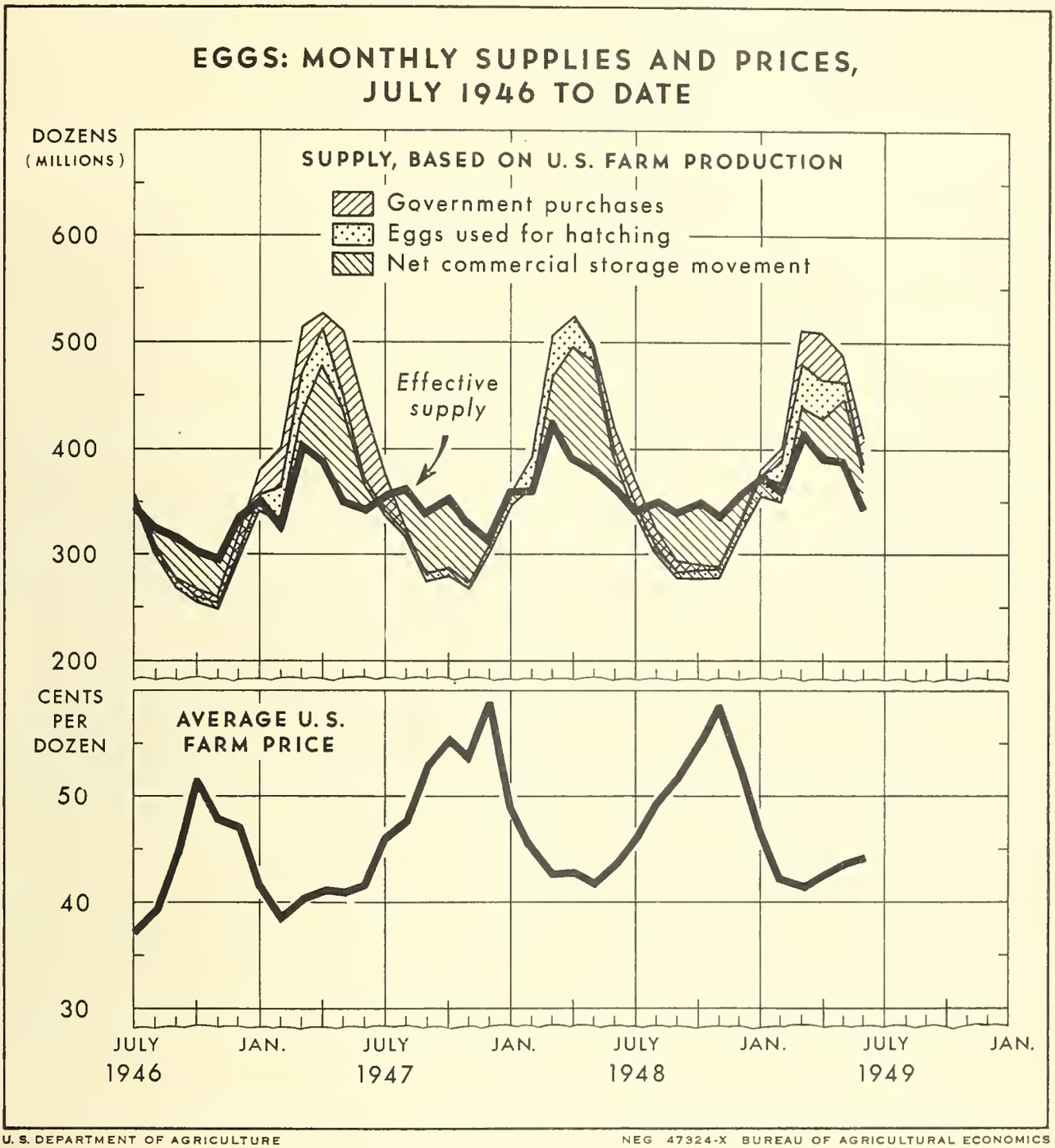

U. S. DEPARTMENT OF AGRICULTURE NEG 47324-X BUREAU OF AGRICULTURAL ECONOMICS

Seasonal changes in the supply of eggs are reflected in changes in the price of eggs. Commercial cold storage movements help to reduce the seasonal swings of supply. Also, hatching requirements are at a peak in the spring months of high production. Despite these stabilizing influences, and the concentration of Government price support activities in the low price period of the year, the prices farmers receive for eggs probably show greater seasonal variation than the prices of any other farm commodity contributing as substantially to gross farm income.

The Poultry and Egg Situation at a Glance

Item	Unit	Month	Average 1938-47	1948	1949	Comments on current situation
Eggs						
Farm production	Mil. doz.	June	391.4	416.8	408.8	Will exceed last year when 1949 pullets are added to laying flock.
Average number of layers on farms	Million	do.	308.9	310.3	305.8	
Rate of lay per hen	Number	do.	15.1	16.1	16.0	
Apparent civilian per capita disappearance	do.	do.	27.6	31.0	30.7	
Frozen egg production	Mil. lb.	do.	---	48.9	49.5	
Dried egg production	do.	do.	---	9.1	7.6	
Prices received by farmers	Ct. per doz.	July	29.6	45.8	45.3	A rise of 1.2 cents from June.
Prices received by farmers as a percentage of parity	Percent	do.	93	89	90	Cumulative average percent of parity since January 1948, 91.
Retail price (BAE)	Ct. per doz.	June	37.6	62.5	63.8	
Egg-feed ratio	Lb. feed	July	11.8	10.4	13.1	Favorable for egg production.
Stocks:						
Shell	1,000 cases	do.	7,551	5,669	2,316	Combined, smaller than any year since 1916.
Frozen	do.	do.	6,194	7,113	4,333	
Dried	Mil. lb.	do.	---	10.8	59.7	Practically all Government-owned, or intended for delivery to Government.
Chicks hatched by commercial hatcheries	Million	June	107.6	92.7	111.7	January-June hatchings in 1949 are 25 percent larger than in 1948.
Chicks and young chickens on farms	do.	July	582.5	492.1	550.6	
Farm price of poultry ration	Dol. per cwt.	do.	2.55	4.40	3.45	
Poultry						
Prices received by farmers for chickens	Ct. per lb.	July	21.3	31.9	24.3	In June, 26.1 cents; third consecutive decline in monthly farm prices.
Prices received by farmers as a percentage of parity	Percent	do.	116	112	87	
Retail price of chickens (BAE)	Ct. per lb.	June	36.8	55.9	52.7	
Prices received by farmers for turkeys	do.	July	23.2	40.5	34.7	Increase of 1.3 cents from June reflects increased marketings of young birds.
Stocks:						
Poultry, excluding turkeys	Mil. lb.	do.	62.2	72.2	43.8	
Turkeys	do.	do.	34.4	27.3	28.1	
Chicken-feed ratio	Lb. feed	do.	8.6	7.2	7.0	
Turkey-feed ratio	do.	do.	9.2	9.2	10.1	
Average weekly receipts of poultry at Central Western Primary Markets, per plant	1,000 lb.	do.	16.1	17.5	17.6	Increasing seasonally.
Chicks placed in 7 broiler areas 1/	Million	June	---	24.0	31.2	

1/ Five weekly periods centered on June.

THE POULTRY AND EGG SITUATION

Approved by the Outlook and Situation Board, August 2, 1949

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SUMMARY

The recent trends of egg prices have been seasonally upward, bringing U. S. farm prices to an average of 45.3 cents per dozen in mid-July. Prices will continue upward until early fall, rising to a peak probably lower than last year, but an expected large egg production in the final quarter of the year is likely to result in an easy price situation then.

From April through June of this year, the U. S. laying flock averaged about 2 percent fewer birds than the year before, and produced at a rate per bird slightly lower than in the corresponding months of 1948, so total farm egg production was 2 percent less than the comparable 1948 output. Nevertheless, the number of eggs actually consumed during those months may have been about the same as a year earlier because the accumulation of eggs for cold storage was much smaller. The decline from last year in storage activities offset both the smaller production and the larger quantities of eggs sent to hatcheries and to the Federal price-support program.

Prices of chickens except fowl rallied in July, interrupting the downward price trend which had been evident since April. Supplies of farm chicken, increasing seasonally, have been added to the continued large output of specialized broiler areas, with the result that the July farm price, 24.3 cents per pound, is 22 percent lower than the farm price 3 months ago. In late July chick placements in specialized broiler areas were declining, indicating that marketings from those areas will soon be reduced.

The 1949 turkey crop is indicated to be of record or near-record numbers, in contrast with the small crop in 1948. A Government price support program, beginning in August, has been announced.

The next issue of The Poultry and Egg Situation will be released in late September.

The 1950 Outlook issue will be released in October

The number of young chickens on farms July 1 was 12 percent larger than last year. The number of chickens raised is estimated (preliminary) at a figure 17 percent larger than last year. These facts indicate a larger laying flock this fall than the year before. Output from the expanded flock will help to offset the reduction from previous years in the size of egg stocks held in commercial storage for fall and winter use.

July Farm Egg Price Up Seasonally; Cummulative Rise Lower than Recent Years

Farm egg prices rose seasonally from mid-June to mid-July. The 45.3 cents per dozen price reported as the U. S. average for July is 1.2 cent higher than the price the month before. While the increase from June was smaller than in any of the preceding 5 years, the June price was a record for the month, so the July price nevertheless stands at a high level, exceeded only by 1947 and 1948. Through mid-July, egg prices had already risen 4.1 cents from their springtime low (March; 41.2 cents per dozen). This increase is somewhat lower than those which occurred in some other recent years.

Table 1.- Eggs: United States farm prices in season-low months compared with following July, 1940-49

Year	Season-low price: Month occurring	Season-low price: Per dozen	July price per dozen	Price rise, season-low to July, per dozen
	Month	Cents	Cents	Cents
1940:	June	14.4	16.4	2.0
1941:	March	16.4	25.6	9.2
1942:	April	25.6	29.5	3.9
1943:	April	33.7	36.3	2.6
1944:	April	27.1	31.2	4.1
1945:	April	33.0	37.9	4.9
1946:	April	31.3	37.1	5.8
1947:	February	38.6	45.7	7.1
1948:	May	41.5	45.8	4.3
1949:	March	41.2	45.3	4.1

Seasonal changes in the price of eggs are related in a general way to seasonal changes in supply (see cover chart and Table 2); the correspondence between the seasons of greatest supply and lowest price is clear, as is the similar correspondence between the seasons of least supply and highest price.

The price swings, of course, reflect changes in size and quality of eggs and method of sale as well as in quantity marketed. Other factors also contribute to the deviation from a precise relationship between price and supply changes.

Poultry Prices, in 3-month Decline, Rally Slightly: Supplies Large

During July, there was an increase in chicken prices (except fowl) in Eastern markets, bringing most poultry prices to levels above those prevailing some weeks earlier, (Table 3). This interrupted the downward trend of chicken meat prices that had begun after Easter. The change also restored fryers to a price position higher than fowl, ending an unusual condition which had existed since spring.

Table 2.- Eggs: Commercial supply from farm production, and average farm prices, July 1946-June 1949

(Data for cover chart)

Year and month	U. S. farm production	Eggs used for hatching 1/	Government purchases for price support (dried and frozen) 2/	Net commercial cold storage movement 3/		Net monthly supply	U. S. average farm prices per dozen
				In	Out		
	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.	Mil. doz.	Cents
1946							
July	350.4	3.6	4.6	4.3		343.9	37.1
Aug.	306.4	3.9	1.7		20.8	321.6	39.1
Sept.	274.7	5.2	1.0		44.0	312.5	44.5
Oct.	266.0	5.9	5.9		47.8	302.0	51.5
Nov.	259.7	4.7	7.7		46.0	293.3	47.8
Dec.	313.6	7.8	10.4		37.9	333.3	47.0
1947							
Jan.	379.7	16.0	23.4		11.3	351.6	41.3
Feb.	400.4	33.8	36.8	1.2		328.6	38.6
Mar.	512.9	40.3	41.4	30.1		401.1	40.1
Apr.	526.0	30.4	14.2	94.4		387.0	40.8
May	510.6	12.0	60.7	89.4		348.5	40.7
June	432.2	6.4	61.3	23.2		341.3	41.5
July	376.7	4.8	35.8		17.7	353.8	45.7
Aug.	317.9	4.5			49.2	362.6	47.5
Sept.	280.2	5.2			64.2	339.2	53.0
Oct.	286.1	4.8			72.4	353.7	55.3
Nov.	272.0	4.4			59.9	327.5	53.4
Dec.	309.6	7.0			8.9	311.5	58.7
1948							
Jan.	359.8	12.9			12.3	359.2	48.7
Feb.	392.2	28.4		4.5		359.3	45.0
Mar.	506.2	37.8		43.1		425.3	42.6
Apr.	523.3	28.0		104.1		391.2	42.6
May	497.4	12.3	2.7	103.6		378.8	41.5
June	416.8	7.4	19.2	28.8		361.4	43.4
July	369.6	6.3	23.1	1.2		339.0	45.8
Aug.	325.5	5.9	18.4		47.1	348.3	49.2
Sept.	293.0	6.2	9.8		61.4	338.4	51.4
Oct.	291.4	7.7	5.9		72.1	349.9	54.7
Nov.	288.0	7.3	1.5		56.4	355.6	58.3
Dec.	334.0	10.7	3.6		37.2	356.9	52.8
1949							
Jan.	380.6	19.1	6.5		18.0	373.0	47.1
Feb.	401.2	36.6	14.2		8.9	359.3	41.8
Mar.	511.4	40.9	30.2	26.1		414.2	41.2
Apr.	508.8	36.4	44.7	36.5		391.2	42.3
May	487.1	14.8	24.6	60.5		387.2	43.4
June	408.8	8.1	22.1	35.0		343.6	44.1

1/ Derived from monthly production of commercial hatcheries, with allowances for excess of eggs set over hatchings, and for farm hatchings.
2/ Converted to shell equivalent by conversion factors, 10 pounds dried egg or 37½ pounds frozen equal 30 dozen shell.
3/ Shell and shell equivalent of frozen, combined.

This price rise which occurred in metropolitan markets and in specialized producing areas is not reflected in a comparison of the June and July U. S. average farm prices of chickens, since the farm price reports levels only as of the 15th of each month. The July farm price, at 24.9 cents per pound, is 1.8 cents under the June figure. July is the third consecutive month in which U. S. average farm prices showed a decline from both the previous month and the corresponding month of the previous year.

Table 3.- Live poultry; Prices for heavy-type chickens in selected markets and producing areas, selected weeks, 1949

Class	Price per pound 1/								
	Chicago			New York			Philadelphia		
	April 4-8	June 27-July 1	July 18-22	April 4-8	June 27-July 1	July 18-22	April 4-8	June 27-July 1	July 18-22
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Fowl	40.8	24.9	25.0	45.3	32.8	28.5	42.3	28.8	27.9
Roasters	39.2	28.0	30.6	47.5	33.7	37.2	44.0	30.6	34.1
Fryers	34.0	26.5	29.5	36.4	30.0	34.2	33.8	25.1	30.5
Broilers	31.0	26.0	29.0	34.5	26.2	25.5	31.4	23.1	25.1

	Price per pound 2/					
	Del-Mar-Va.			North Georgia		
	April 4-8	June 27-July 1	July 18-22	April 4-8	June 27-July 1	July 18-22
	Cents	Cents	Cents	Cents	Cents	Cents
Broilers and fryers	29.5	22.4	28.1	30.3	22.8	26.6

1/ Average of daily ranges, f.o.b. prices in Chicago, wholesale selling prices in New York and Philadelphia.
2/ Average of daily prices most commonly paid producers, f.o.b. farms

The decline from the first quarter of 1949 in the prices for all classes of chicken is in part an adjustment to the large supplies of poultry which are becoming available. In the first quarter of the year, marketings of chickens from farms always are seasonally small. In recent years, only about 12 percent (by weight) of the farm chickens sold have been marketed in the first three months of the year, while the marketings in the second quarter typically amount to about 20 percent or more of the annual total. (See table 11

It is possible that the pattern for marketings of farm chicken thus far this year may have been slightly different from the pattern common to previous years. First quarter marketings were probably smaller than usual on account of the smaller number of birds in many flocks. Second quarter sales, however, including much young stock, were probably larger, in line with the large hatch this spring for replacement purposes. The marketings of farm chickens in both of these quarters were accompanied by large marketings of commercially produced broilers. The low level of storage stocks of poultry on January 1, 1949 (about one-half the average of the three preceding Januarys) facilitated the marketing of the large broiler output early this year, and delayed the price adjustment.

Factors tending to support or strengthen chicken prices in the next few weeks are the expected drop of one-sixth in broiler marketings (as judged by recent placements in specialized producing areas), the beginning of a season when into-storage movement of poultry occurs, and a seasonally short run of hog marketings. Tending to push prices down will be the continued increase in numbers of farm chickens marketed and the approach to volume marketings of turkeys.

Farm prices of chicken, at 87 percent of parity in July, fell short of the 90 percent support levels specified by current legislation for birds 3 1/2 pounds and heavier. On a cummulative basis since January 1949, however, they average 102 percent of parity.

The reported weekly placements since March of broiler chicks in seven specialized areas, and comparable totals for last year, have been as follows:

Chicks placed in specified commercial broiler areas, April to July 1949, and corresponding total, 1948

Week ending	By areas, 1949								Total 1948
	East Conn.	Del-Mar-Va.	Shenandoah Valley	Chatham-Wilkes	North Georgia	N. W. Arkansas	Texas	Total	
	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.
Apr. 2:	252	3,020	873	432	1,031	814	677	7,099	5,297
Apr. 9:	230	2,927	861	445	1,093	800	724	7,080	5,310
Apr.16:	263	2,870	872	421	1,065	838	718	7,047	5,303
Apr.23:	256	2,849	824	413	1,058	814	724	6,938	5,399
Apr.30:	237	2,782	836	410	1,088	821	688	6,862	5,321
May 7 :	258	2,904	812	385	1,215	789	671	7,034	5,202
May 14:	260	2,987	785	384	1,061	722	742	6,941	5,165
May 21:	236	2,988	820	382	981	678	651	6,736	4,883
May 28:	195	3,004	753	379	953	686	685	6,655	5,000
June 4:	236	3,156	712	387	983	686	626	6,786	4,838
June 11:	174	3,032	711	381	959	618	576	6,451	4,861
June18:	228	2,912	690	395	922	642	540	6,329	4,757
June25:	193	2,659	633	377	887	608	533	5,895	4,852
July 2:	120	2,578	656	344	850	637	554	5,739	4,682
July 9:	115	2,291	606	333	810	595	572	5,322	4,772
July16:	120	1,937	554	328	769	624	589	4,921	4,608
July23:	47	1,705	509	311	791	519	504	4,386	4,279
July30:	38	1,923	489	280	680	449	476	4,335	4,001

This indicates a drop in all areas from the peak rates of placement, although the extent and timing of the drop has varied among areas.

Turkey Numbers Up,
Government Support Announced

Turkey hatcheries which have reported their output over the period February through June have hatched 60 percent more poults in those months of 1949 than in the same period of 1948. Although the group thus reporting to the Bureau of Agricultural Economics is only a sample of the hatchery industry, it clearly indicates a 1949 crop far larger than 1948. The 1949 production will probably be of record or near-record proportions, and prices are now at levels below last year.

The forthcoming seasonal peak of marketings from the large 1949 crop, and plentiful chicken and pork supplies, may to some extent be offset by the fact that consumer incomes, though declining gradually, are still above last year's levels. The July 1949 farm price was 34.7 cents per pound compared with 40.5 cents in July 1948.

Under influence of the small supply and strong demand, the 1948 turkey crop sold at record high prices. For the calendar year 1948, turkey prices averaged 114 percent of parity, but in the holiday months of November and December the farm prices were respectively 46.1 and 51.6 cents per pound, 129 and 145 percent of parity.

Contracts for the delivery of dressed turkeys in November and December have been traded on the Chicago Mercantile Exchange since June 1, 1949. For the week ending July 30, the contract for November hens traded in the range of 48.00 to 48.75 cents per pound, ending the week near the high mark. Toms were 37.70 to 38.15 cents. (For a comparison of these prices with earlier prices for the same contracts, see table 4.) The nearest comparable prices specified in the newly-announced support program are those applying to Grade A birds of less than 16 pounds to be delivered in storage in Illinois in November at 48 cents per pound, and similar birds weighing over 22 pounds each, under identical delivery conditions, at 36.5 cents per pound.

To average 90 percent of parity for October through December, 1949, farm prices of turkey in these months would have to average 31.6 cents per pound (live) if the index of prices farmers pay, including interest and taxes, stands unchanged at the July 1949 level of 244. The farm price of turkeys in July, based on off-season demand, is not perfectly comparable to the prices recorded for the winter holiday months.

Table 4.- Turkey: Weekly range, future prices for November, 1949 contracts on the Chicago Mercantile Exchange, week ending June 3, 1949 to date

Week ending	Price per pound			
	Hens		Toms	
	Low	High	Low	High
	Cents	Cents	Cents	Cents
June 4 1/	46.00	48.50	38.75	42.00
June 11	46.50	47.75	37.25	39.25
June 18	45.00	45.50	36.30	37.00
June 25	45.25	45.50	36.50	36.90
July 2	45.00	45.25	36.10	36.30
July 9	44.90	45.60	36.25	36.75
July 16	44.50	45.00	36.10	37.00
July 23	45.00	46.50	36.75	37.90
July 30	48.00	48.75	37.70	38.15

1/ Trading began June 1.

In expectation of early marketings by producers who may anticipate lowered turkey prices, the Department of Agriculture, through its Production and Marketing Administration, announced on July 22 that it will accept offers beginning in August under its 1949 turkey price support program. This program has as its objective the support of farm turkey prices at 90 percent of parity. The price support range for turkeys stipulated in the Agricultural Act of 1948 is 60 to 90 percent of parity. The operation of the program will be through offers to make carlot purchases of dressed turkeys in approved storage in the months August through December 1949, and in July, 1950. The minimum prices (live basis) which must be reflected to producers will range from 22.0 to 37.5 cents per pound, depending upon the weight and quality of the birds offered, location and month of delivery (table 5).

Table 5.- Turkey: Prices per pound, live and dressed, under 1949 Federal price support program, for Grade A birds in Zone I, by month of sale and weight class 1/ 2/

Weight		Month of sale, 1949					1950
At least	but less than	August	September	October	November	December	July
Lb.	Lb.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
		a. Minimum payable to producers for live birds.					
---	18	34.50	34.75	35.00	35.25	35.25	---
18	22	31.25	31.50	31.75	32.00	32.00	---
22	24	27.75	28.00	28.25	28.50	28.50	---
24	---	25.00	25.25	25.50	25.75	25.75	---
		b. Government paying price to processors for New York dressed birds.					
---	16	45.75	46.00	46.25	46.50	46.50	48.00
16	20	41.75	42.00	42.25	42.50	42.50	44.00
20	22	37.75	38.00	38.25	38.50	38.50	40.00
22	---	34.25	34.50	34.75	35.00	35.00	36.50

1/ Grade B prices are 3 cents per pound lower in all categories, both live and dressed.
2/ Zone II prices are 0.75 cents higher in all categories, both live and dressed; Zone III 1.50 cents higher; Zone IV 2.25 cents higher.

Zone I includes; Washington, Oregon, California, Idaho, Montana, Nevada, Utah, Wyoming, Colorado, Arizona, New Mexico, Oklahoma, Texas, Arkansas, and Louisiana.

Zone II includes; North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa, Missouri, Mississippi, Alabama, Georgia, South Carolina, and Florida.

Zone III includes; Wisconsin, Michigan, Illinois, Indiana, Ohio, Kentucky, Tennessee, West Virginia, Virginia, Maryland, Delaware, District of Columbia, and North Carolina.

Zone IV includes; Maine, New Hampshire, Vermont, New York, Massachusetts Connecticut, Rhode Island, Pennsylvania, and New Jersey.

Inclusion of July 1950 as a month in which purchases may be made is in an attempt to induce storage operations that will result in a greater off-season consumption of the large 1949 crop. There is a possibility that immediate sale to the Government at a price based on 90 percent of parity might take precedence over extensive storage operations as an outlet for part of the 1949 turkey crop, if no price assurances were provided for stored turkey. Accordingly, the deferred purchase arrangement is included as a means of making price support benefits available through cooperatives and other venders who undertake the business risk of storing some of their turkey in anticipation of off-season commercial movement, as well as to those who may elect to make earlier sales to the Government.

Detailed prices under the 1949 turkey price support program are shown in table 5.

Second-Quarter Egg Production Down from Last Year;
Decline in Layers not Offset by Change in Rate of Lay

Farm egg production in the second quarter of 1949 fell short of production in the same quarter of the previous year by about 33 million dozen eggs, 2.3 percent. Production in the first quarter, on the other hand, had exceeded corresponding 1948 output by about that some amount, resulting in Janaury through June productions in the two years that were about equal. Month by month through the first half of 1949, the numbers of layers in U.S. farm flocks have consistently been below 1948 levels, but increases over 1948 in the January through March rate of lay more than compensated for the reduced numbers in those months. In each of the months April through June, the 1949 rate of lay was very slightly under the corresponding 1948 figures, which were records.

The regional pattern of changes from last year in numbers of layers on farms, rate of lay, and farm egg production, is fairly uniform. As shown in table 6, on a regional basis the exceptions are few to the January through June nationwide changes from 1948 to 1949. Numbers of layers in 1949 in the Pacific States, and to a lesser extent in the South Atlantic States, did not follow the U. S. trend. The first-quarter rate of lay fell below 1948 in the Western States. April through June rate of lay stayed ahead of 1948 in the West North Central, South Atlantic and South Central regions. But farm production of eggs in the second quarter of 1949 was lower than the year before in all regions except in the South Atlantic and and the Western.

The interruption to the upward annual trend in rate of lay, which has occured in April, May and June this spring, does not necessarily indicate that the trend has run its course. The interruptions since 1940 have included two breaks of four months duration(March through June, 1945 and June through September, 1946) and other inter-breaks. The extent of the recent declines from last year in the monthly rate of lay is very small, not exceeding 0.5 percent in any month.

Production in the peak spring months usually varies little, year to year; the uptrend in annual rate is to a considerable extent the result of large increases in months of seasonally smaller output. The April-June rates, as eggs per 100 layers for the month, are given in comparison with 1948 (in parentheses): April, 18.0 (18.1); May, 18.2 (18.2); June 16.0 (16.1).

Table 6.- Layers in farm flocks, rate of lay, and farm production of eggs, by regions; comparisons, January-June 1948-49

U.S. and regions	Layers in farm flocks				Cumulative rate of lay, per 100 layers				Farm production of eggs			
	January		June		January-March		April-June		January-March		April-June	
	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949
	Mil.	Mil.	Mil.	Mil.	Eggs	Eggs	Eggs	Eggs	Mil.doz.	Mil.doz.	Mil.doz.	Mil.doz.
U. S.	388	377	310	306	40.2	42.4	52.4	52.2	1,258.2	1,293.3	1,437.5	1,404.5
N. Atl.	57	56	43	43	46.0	48.9	53.8	52.3	206.3	218.0	206.5	196.7
E. N. C.	77	75	62	61	42.4	45.0	53.8	53.1	261.8	272.2	293.0	283.4
W. N. C.	114	110	91	88	41.3	42.1	54.4	54.6	384.3	379.8	443.7	429.0
S. Atl.	34	34	29	29	34.7	39.3	48.0	43.3	96.1	108.8	120.1	121.4
S. C.	71	67	57	55	31.8	35.9	48.0	48.9	180.8	190.5	240.6	235.2
Western	35	36	29	30	45.0	42.7	53.4	52.9	128.9	124.1	133.7	138.8

Changes from Last Year in Disposition of Eggs; Storage Down, Price Support Purchases Up

Although the total January through June farm production of eggs has been nearly the same in 1949 as in 1948, the disposition of the output in the two years has been somewhat different. Apparent disappearance into civilian consumption channels has been little changed in the two years, but commercial cold storage activity, government price support purchases, and hatching differ considerably in the two years.

In the first half of 1948 the net in-movement to commercial cold storage (shell and frozen egg combined) amounted to 10.4 percent of farm production. This year commercial storage took only 4.7 percent of production. Commercial storage stocks in the U. S. on July 1 were 41 percent of last year for shell, and 70 for frozen stock. On July 30 stocks of shell and frozen egg in 35 cities were, respectively, 34 and 58 percent of last year.

Increases in the quantity of dried eggs bought under the Federal price support program have almost offset the smaller commercial into-storage movement. Through June last year, price support had accounted for 0.8 percent of production. For delivery through June this year, the Department of Agriculture had bought dried eggs equivalent to 5.2 percent of farm production for price support purposes.

The reduced storage demand for eggs in 1949 as compared with 1948 is a partial explanation for the easier price situation early this year and accordingly for the need for greater price support so far in 1949 than in 1948. Storage demand presumably was affected by the unfavorable out-turn of 1948 egg storage operations, as well as by the generally unsettled business outlook and the expectation of heavy production from an expanded flock later in the year.

Last year, purchases were not begun until May 15. They were continued through 1948 and into 1949 without interruption. Of the 56 million pounds contracted to date for 1949 delivery, 40 million pounds were bought from December 1948 to mid-May 1949; in the corresponding period a year previous, no Government support program had been in operation. Without support operations, the farm prices of eggs in the first five months of 1948 held at an average of 91 percent of parity; prices in 1949, however, required support from January on, since the January price was 85 percent, and it was not until May that the cumulative average stood at 90 percent of parity. Ninety percent of parity as an annual average is the support objective.

The increased setting of hatching eggs to provide the larger 1949 chick output to date completes the enumeration of the major changes in the disposition of eggs as between January-June 1948 and 1949. Last year, 4.2 percent of January-June farm output was incubated; this year, 5.2 percent.

Moderate Seasonal Egg Price Rise Expected; Increased Production to Partly Offset Small Storage Stocks

In the months of April, May, and June, farm egg production was less than in the corresponding months of 1948. This condition may also have extended into July, 1/ since the smaller production in the stated months of this year is largely attributable to the smaller number of layers on hand. But the maturity of the 1949 crop of pullets and their addition to the laying flock will probably increase numbers of layers later in the year to levels above last year. Even if the rate of lay then does no more than to simply hold steady as compared with last year, production will be larger in proportion to the numbers of layers; and if rate of lay goes up, then egg production will be further increased over 1948 levels.

Present information regarding numbers of young chickens on farms indicates an increased laying flock this fall. Farm egg production is likely to be increased at least in proportion. On July 1, the number of chicks and young chickens on farms was 12 percent greater than the year before. The number of chickens raised on farms this year is 17 percent larger than last year. Increases of this magnitude have in past years often occasioned similar (although not identical) changes in the numbers of pullets on farms on the following January 1, as shown in table 7. Numbers in laying flocks mount gradually from August on, to attain the December totals.

Table 7.- Chickens raised, chicks and young chickens on farms July 1, and pullets on farms following January 1; numbers, as a percentage of previous year, 1931-49

Year	Chickens raised	Chicks and young chickens July 1	Pullets following January 1.			Percentage of previous year				
			Laying age	Not of laying age	Total	Chickens raised	Chicks and young chickens	Pullets: Laying age	Pullets: Not of laying age	Pullets: Total
	Millions	Millions	Millions	Millions	Millions	Percent	Percent	Percent	Percent	Percent
1931:	709	516	185	44	230			93	96	94
1932:	736	550	192	45	237	104	107	104	102	103
1933:	750	559	196	42	238	102	102	102	93	100
1934:	644	503	172	40	212	86	90	88	95	89
1935:	658	504	186	40	226	102	100	108	100	107
1936:	715	570	210	39	249	109	113	113	98	110
1937:	601	464	173	42	215	84	81	82	108	86
1938:	651	513	194	48	242	108	111	112	114	113
1939:	697	534	202	51	254	107	104	104	106	105
1940:	634	499	192	48	240	91	93	95	94	94
1941:	745	550	221	57	278	118	110	115	119	116
1942:	844	611	255	63	319	113	111	115	111	115
1943:	1,001	732	282	67	350	119	120	111	106	110
1944:	832	595	254	47	301	83	81	90	70	86
1945:	915	661	271	53	325	110	111	107	113	108
1946:	746	564	248	37	285	82	85	92	70	88
1947:	745	566	250	35	285	100	100	101	95	100
1948:	637	492	236	33	269	86	87	94	94	94
1949:	749	551				118	112			

1/ Data for July will be released in the August 10 report on Crop Production.

The hens which will be included in the flock next January 1 were in the pullet flock, laying or not yet laying, early this year. (See table 8). Since the number of pullets on January 1, 1949 was small (the smallest since 1942), hen numbers this winter can be larger than last year only if farmers hold over a considerably larger percentage of their yearlings than they did last year. However, present price relationships may encourage farmers to do this; in comparison with the recent past, egg prices are high and the egg-feed price ratio favorable for egg production, while poultry prices are low.

Table 8.- Hens and pullets on farms, and hens as a percentage of pullets, 1932-49

Year	Hens on farms January 1	Pullets on farms preceding January 1	Hens as a percentage of pullets
	Millions	Millions	Percent
1932	156	244	63
1933	154	230	67
1934	147	237	62
1935	139	238	58
1936	136	212	64
1937	130	226	58
1938	138	249	55
1939	134	215	62
1940	139	242	57
1941	141	254	56
1942	150	240	62
1943	170	278	61
1944	174	319	55
1945	172	350	49
1946	150	301	50
1947	150	325	46
1948	141	285	49
1949	145	285	51
1950		269	

The indications for a January 1 laying flock comprising more pullets than last year, combined with a smaller or nearly unchanged number of hens, would lead to a larger percentage of pullets than the year before. The same condition, tending toward a higher percentage of pullets, will exist in the fall months also, and will be a factor favoring a rate of lay in the fall of 1949 (as well as through the first half of 1950) that may be high on account of the large proportion of pullets in the flock.

To achieve a fall egg supply equal to last year's commercial use, an August-November farm production almost 8 percent larger than last year would be necessary. The 8 percent increase would be needed to offset the deficiency in shell and frozen storage stocks, assuming that the entire output was absorbed in commercial channels. But such an increased production is not likely to materialize, except possibly in the last month or two of the year. It will be farthest from attainment in the early months of the fall.

Despite the reduced total supply of eggs that is likely this fall, there are several reasons why prices are unlikely to equal those a year earlier. The limited extent to which fresh and stored eggs compete price-wise is one of these considerations. Except in July and August, when hot weather often adversely affects the quality of fresh eggs, the competition between the better grades of fresh eggs and stored shell eggs is not very direct; and freshly broken-out egg meats from fall-produced eggs (excluding undergrades) are generally in a price class which has eliminated itself from substitution for frozen egg, the price of which usually is based on spring-time egg costs. Therefore, it is likely that to some extent the changes in storage supplies and in fall production should not be considered as perfect offsets to each other. To the extent that they are not offsets, the supply of fresh eggs will have to clear the market with less help than is statistically indicated by the storage deficiency, and the seasonal peak in egg prices may be lower than otherwise might be expected.

A second consideration influencing the expectation that the remainder of the seasonal egg price rise will be moderate rather than extreme is the general trend of business conditions and agricultural prices. Both nonfarm employment and consumers' incomes have declined slightly in recent months. Supply increases in other food commodities, such as the food fats, and chicken, have induced significant price declines; a similar expectation might hold for eggs, which this fall and winter probably will show their greatest post-OPA production increase (seasonal increases excepted).

Index Numbers of Seasonal Variation of Egg Prices; Example of Parity Computation

The series of index numbers of seasonal variation of farm egg prices, by months, has been extended for twelve months by the Bureau of Agricultural Economics. This index provides the basis for making the seasonal adjustment which is essential for converting monthly farm egg prices from their dollar-and-cents value to a percentage of parity. The percentage of parity, in turn, is the measure of the legal need for government-price support under present legislation and accordingly to some extent an indication of prospective federal actions.

In table 9, the numbers from July 1949 through June 1950 are newly-announced. In comparison with the monthly index numbers for the fiscal year just passed, the extended numbers show only very gradual changes. In only one month, December, does the change from last year exceed one percentage point. The changes in the price index tend to raise parity prices for the months of seasonally low prices and to effect offsetting decreases in the high-price months. This recognizes the smoother monthly pattern of prices which has been induced partly by the smoother monthly pattern of production. (See January 1949 issue of this situation, table 6, page 15).

Table 9.- Index numbers of seasonal variation of egg prices, 1945-50 1/

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1945	101	92	84	84	85	86	94	98	108	116	125	123
1946	102	93	85	84	85	87	96	101	106	114	122	121
1947	104	90	85	85	86	90	94	101	106	116	120	120
1948	106	92	87	84	86	88	95	100	107	116	119	121
1949	104	91	88	85	86	88	96	101	107	116	119	119
1950	103	91	88	85	86	89						

1/ For earlier years see Poultry and Egg Situation, August 1946, page 10.

To determine the percentage of parity which is represented by the U. S. farm price in any given month, the use of the index of seasonal price variation is as follows: The reported price is divided by the appropriate monthly index and multiplied by 100. The resultant figure, which may be called the seasonally-adjusted farm price, is then expressed as a percentage of the parity price, the parity price being the base (1910-14) price multiplied by the current index of prices paid by farmers, including interest and taxes. The base price is 21.5 cents per dozen, and for July the index of prices paid is 244. An example of the computation of the U. S. average farm price as a percentage of parity is given below.

$\frac{45.3¢}{96} \times 100 = 47.2¢$

45.3¢ is the reported U. S. average farm price of eggs for July 1949

96 is the seasonal price adjustment for that month, taken from the index of seasonal variation.

47.2¢ is the computed seasonally-adjusted farm price for July 1949.

$\frac{47.2¢}{21.5¢ \times 244} \times 100 = 90$

21.5¢ is the base period farm price of eggs.

244 is the July 1949 index of prices paid by farmers including interest and taxes.

90 is the computed percentage of parity which is represented by the July 1949 farm egg price of 45.3 cents per dozen.

Dates of Jewish Holidays in Fall: Favorable Market Days for Poultry

This year the Hebrew New Year (Rosh Hashanah) and Day of Atonement (Yom Kippur) will begin respectively at sunset on Friday September 23 and Sunday October 2. On these holidays, dates of which on the Gregorian calendar are different from year to year, 1/ there are special demands for poultry. A few days before these holidays, poultry markets in metropolitan centers frequently show greater strength than either immediately prior or just following.

Poultry has no ceremonial significance at Rosh Hashanah or Yom Kippur but chickens are used at a ceremony preceding Yom Kippur. Both holidays are occasions for family gatherings, and large meals are served on both days of the New Year celebration, and on the evening following the fast which marks the Day of Atonement. Good qualities of all classes of poultry are acceptable for the holidays, but heavy chickens are often especially favored.

The nature of this holiday demand has shifted somewhat over the past two decades. Many Jewish families now accept ready-dressed birds for holiday use. The consequent lessened dependence of the holiday trade upon live birds for immediate Kosher slaughter has probably reduced the price effects of the holiday demand, since part of the demand can now be met by dressed poultry. Naturally, in the past increased supplies had often been marketed just before the holidays in anticipation of the demand, and accordingly the extent of the demand is not revealed by prices observed without consideration also to the quantity marketed.

1/ The dates of the holidays are determined by a lunar calendar.

Chickens in Nonfarm Flocks

About 50.5 million hens and pullets were held in 2.8 million nonfarm flocks in November 1948, according to a sample survey made by the Bureau of the Census. 1/ This finding is about in line with past estimates of the Department of Agriculture that nonfarm chicken production approximates 10 percent of farm slaughter and sales.

On November 1, 1948 the total number of layers and potential layers in U. S. farm flocks was 465.7 million. The Census estimate of 50.5 million hens and pullets in nonfarm flocks during the same month is 10.8 percent of the farm numbers. Whether the relative numbers would remain constant in other months and years is uncertain. The number reported on the basis of the Census sampling is subject to a sampling error which is described in the release.

Only half of the nonfarm flocks surveyed had produced eggs on the day before the interview. This does not suggest a high level of egg production for these flocks; nevertheless it is possible that seasonal differences in egg production between nonfarm and farm flocks are such as to support the assumption that nonfarm egg production is likewise equivalent to 10 percent of farm volume.

The estimated rate of lay for the nonfarm flocks, based on production the day before the interview, is subject to a very large sampling error, indicating a wide range in the responses. Nevertheless, the rates would indicate a November rate of production significantly lower than for farm flocks. Farm flocks in November 1948 produced the equivalent of 8.7 eggs per layer; the nonfarm flocks produced an average of 4.8 eggs per bird. The nonfarm flocks of 100 birds and over, producing an average of 7.5 eggs per bird, were the only group in which production rates per bird approached the farm output.

The 2.8 million nonfarm flocks are equivalent to a flock for one nonfarm household in every 12. Four of every 5 flocks were smaller than 25 birds each, and almost three-quarters of the birds were in flocks under 50 birds.

CHANGES IN BREED COMPOSITION OF HATCHERY SUPPLY FLOCKS

Cross-bred poultry and New Hampshires have gained in popularity, while White Leghorns and Plymouth Rocks have about maintained their relative proportions in a group of hatchery supply flocks. There are the indications from the statistical summary of data regarding the breed composition of certain hatchery supply flocks in selected States. The sample includes all flocks in reporting States which are enrolled in the breed improvement phase of the National Poultry Improvement Plan. The comparison runs from 1941-42 to 1947-48, and in the latter year covered 41 States.

In 1948, hatcheries enrolled under the National Poultry Improvement Program accounted for about two-thirds of the estimated incubator capacity in the United States, so the data described here apply to the parent stock of a substantial part of the annual baby chick output. Commercial hatcheries, including those not under the Plan, have supplied over 90 percent of the chicks raised in the United States in recent years.

1/ Release A-49-1, April 1949

The steady increase in cross-matings as a source of commercial hatching eggs is made very obvious by the data. In the years 1941-42 and 1942-43, 2.0 and 3.0 percent, respectively, of the birds in hatchery supply flocks in the sample were intended for the production of cross-bred chicks; in 1945-46, 1946-47, and 1947-48, the percentages were 11.3, 11.1, and 12.5 respectively. A limitation of the data-- the fact that flocks cross-mated for only a portion of the year may have been reported either as cross-bred or as a straight breed--should qualify any statement that the increase in cross-bred chicken production has been in direct proportion to the increase in these figures, but the existence of a very significant trend is nevertheless apparent.

Flocks reported as being cross-mated are mostly matings intended for meat production. Delaware, highest among the States in the proportion of meat-type birds to egg-laying type, also reported the highest proportion of cross-matings, 94 percent in 1947-48.

Although most crosses are intended for the production of meat stock, the definition of cross-mating includes coverage of flocks intended to produce cross-bred types of egg-laying stock. The report, however, does not distinguish between "in-crossbred" chicks 1/, which are the most highly specialized egg-laying crosses, and the first generation crosses which typically are meat birds. Since the West North Central States report 18 percent of their sample birds to be in cross-mated flocks, and chicken meat production in those States generally is not highly specialized, it is evident that crosses intended for egg production do contribute to the total. However, the 18 percent figure is not necessarily a measure of the proportion of cross-bred birds in farm egg-laying flocks in the region, because meat-type as well as egg-type birds are reported in the total.

The three most popular breeds of chickens according to the survey were New Hampshires, Leghorns, and Plymouth Rocks. Nearly the same number of birds were reported for each of these breeds and together they comprised about three-quarters of all the birds in the survey flocks. Leghorns were separately reported only as White Leghorns, while the Barred and White varieties of Plymouth Rocks were reported separately. There are no distinct varieties of the New Hampshire breed.

New Hampshires in 1947-48 comprised about one-fourth of the birds in the National Poultry Improvement Plan hatchery supply flocks. Their increasing popularity over the past 5 years is especially noticeable in the matched sample of 38 States reporting in 1942-43 and 1947-48. In that group of States the proportion of New Hampshires rose between the specified years from 17.1 to 25.7 percent. Comparisons in individual States demonstrate the same comparable increase. The upward trend in numbers of New Hampshires is particularly apparent in the New England States where the breed seems to have been gaining at the expense of Rhode Island Reds, the breed from which they were originally derived.

1/ Sometimes called hybrids.

In the reporting States, the proportion of White Leghorns in the sample held steady at about 25 percent of the total. Leghorns, the only separately-enumerated breed to lay white-shell eggs, comprised one-half or more of the sample in Utah, Minnesota, Wisconsin, New Jersey, and New York. No report is available from California, but in the other Pacific Coast States, Washington and Oregon, the proportion of Leghorns seems be declining and in 1947-48 they comprised less than half of the birds in hatchery supply flocks. Fifteen or 20 years ago, Pacific Coast flocks were predominantly Leghorn.

In 1947-48 Plymouth Rocks (White and Barred) also comprised about a quarter of the birds in the sample hatchery flocks. In 1947-48 there were more White than Barred Plymouth Rocks reported, but the proportions, as well as the total numbers, may be affected by the same aspect of reporting which affects the cross-bred reporting. Barred Plymouth Rock breeding flocks may be mated differently at different seasons of the year, since Barred Plymouth Rocks are a parent breed for one of the more popular meat-type crosses.

Table 10 summarizes the State data available since 1941-42 regarding the breed composition of the hatchery supply flocks in the breed improvement phases of the National Poultry Improvement Plan. The State data upon which this summary table is based are reported in Release A.H.D. No. 69 of the Bureau of Animal Industry, USDA.

Table 10.- Chickens: Breed distribution of birds in hatchery supply flocks enrolled in breed improvement phases of the National Poultry Improvement Plan, 1941-42 to 1947-48

Year and number of States reporting	All Breeds	New Hampshire	White Leghorn	White Plymouth Rock	Barred Plymouth Rock	Rhode Island Red	White Wyandotte	Cross-mated 1/	Other
	Thousands	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1941-42									
33 States	10,712	21.2	24.1	15.6	16.2	12.5	3.1	2.0	5.2
1942-43									
40 States	15,781	19.2	26.6	18.3	15.7	8.9	2.8	3.0	5.5
1943-44									
42 States	20,332	19.4	25.9	19.7	13.9	8.3	2.6	5.5	4.7
1944-45									
39 States	17,573	23.2	25.8	17.5	12.4	8.0	2.3	7.2	3.7
1945-46									
32 States	20,490	23.8	23.1	17.0	11.4	7.7	2.0	11.3	3.7
1946-47									
38 States	24,490	23.4	25.4	17.4	10.0	6.5	2.0	11.1	4.2
1947-48									
41 States	24,790	25.4	24.7	15.5	10.3	6.8	1.7	12.5	3.1
	Matched sample of 38 States reporting in both 1942-43 and 1947-48								
1942-43	15,635	17.1	26.3	18.6	15.8	8.9	2.8	5.0	5.5
1947-48	24,268	25.7	24.2	15.7	10.4	6.8	1.7	12.4	3.1

1/ Data on Cross-mated flocks are not precisely indicative of the situation, since in several States birds in such flocks are reported under the respective purebred heading and in some States those flocks are cross-mated only for a portion of the year to produce broilers; for the remainder of the year they are mated as purebreds for the production of purebred chicks.
Bureau of Animal Industry, A.H.D. No. 69.

Table 11.- Farm chickens: Seasonal distribution of marketings as a percentage of total, United States, 1943-48 1/

Year	Percentage of total pounds sold during year											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1943:	3.4	3.2	3.9	4.5	6.3	9.0	11.1	11.9	13.9	13.6	11.3	7.9
1944:	4.6	3.5	4.5	5.1	7.3	9.6	10.5	12.1	12.8	13.4	9.8	6.8
1945:	3.9	3.3	3.7	4.6	6.6	8.4	10.6	12.4	14.0	15.0	10.3	7.2
1946:	4.7	3.9	4.1	5.7	8.0	9.2	11.3	12.5	13.9	13.1	7.9	5.7
1947:	3.6	3.2	3.9	5.0	7.0	8.3	10.8	12.8	13.7	14.6	10.5	6.6
1948:	4.1	3.3	4.1	5.1	7.2	9.0	10.5	12.6	14.5	12.9	9.7	7.0

1/ Excluding commercial broilers.

Table 12.- Chickens: Monthly average of weekly receipts at Central Western Primary Markets, per plant, 1940 to date

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
1940:	9.0	8.3	9.6	8.1	13.3	18.1	16.1	21.0	25.7	30.4	32.1	23.0
1941:	8.7	8.2	7.3	7.6	12.3	13.5	16.9	22.9	27.0	36.1	33.8	21.5
1942:	12.1	7.0	6.2	6.3	10.8	20.0	24.2	32.9	44.6	43.0	36.0	21.7
1943:	8.0	5.8	2.8	3.1	6.1	15.7	23.9	31.6	42.6	48.7	46.5	25.3
1944:	15.6	7.6	5.3	8.5	15.4	25.1	28.1	33.5	38.6	42.7	28.8	19.4
1945:	7.7	4.7	3.6	3.7	6.1	9.4	14.9	25.2	38.9	44.4	34.0	22.1
1946:	12.1	8.5	4.8	6.1	11.5	18.3	25.7	31.8	34.3	34.7	20.6	15.0
1947:	7.9	4.9	4.5	5.5	10.4	15.5	23.0	24.5	32.3	34.2	31.8	17.8
1948:	8.7	8.8	4.2	5.2	10.0	17.5	20.4	23.2	29.3	30.3	20.1	13.4
1949:	8.4	10.0	8.5	10.1	11.8	17.6						

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